

ICC Docket No. 01-0662
Ameritech Illinois Ex. 6.1 (Ehr)
Schedule – 3

Process Flow for Calculation of Additional Performance Remedy Amounts Due to Restated Performance Measurement Data

The SBC Communications Inc. (“SBC”) Long Distance Compliance (“LDC”) division administers SBC Ameritech’s performance measurements and performance remedies systems. SBC Ameritech’s performance data (including restated data) are reported by the LDC’s Performance Measurements Mechanization Organization (“PMMO”). Working in conjunction with the PMMO, the LDC’s Performance Remedies Organization (“PRO”) administers the system of liquidated damages payments made to competitive local exchange carriers (“CLECs”), known as “Tier 1 damages,” and of assessments paid to state treasuries, known as “Tier 2 assessments”, in SBC Ameritech’s operating territory.

This document describes the process used by the PMMO and the PRO to calculate any additional remedy amounts that become due to CLECs or the State when performance data underlying the original remedy amount have been restated by the PMMO. In sum, where performance data are restated, the PMMO recalculates the applicable Tier 1 and Tier 2 remedies by drawing exclusively on the base of restated data, treating it in all material respects as if that data were the originally stated data. Files reflecting the results of this work are used by the PRO to determine whether any additional remedy amounts are owed the CLEC(s) or the state due to the restated performance results (i.e., remedy amounts beyond those that were calculated based on the data as originally stated). If any additional remedy amounts are owed, the PRO arranges to pay them.

Tier 1 Liquidated Damages Processing

- As part of the monthly Performance Measurement cycle, an Additions and Modifications (“Adds/Mods”) document is produced by the LDC Change Management Coordinator and distributed to the Change Management Team, which includes the PMMO and the PRO. This document lists the performance measurements whose underlying data may have changed and the performance month(s) involved.
- The remedy processing application is executed by the PMMO for the earliest month identified as having restated data and all months subsequent to that month in the event that a previous month’s data had any affect on the number of consecutive months used in the remedy calculation. As a result, Tier 1 payment liabilities to each affected CLEC are recalculated for each month wherein the restated performance results may have affected the remedy calculations for such CLEC. A separate file is created, by remedy plan type, for each month, which contains the restated performance results and remedy data for each affected CLEC. These files are forwarded to the PRO, which identifies any additional remedy amounts owed as a result of the restated data.

- Specifically, the following process is undertaken by the PRO with respect to each affected CLEC:
 - Step 1: The recalculated liquidated damages liabilities are totaled for all months affected by the restated performance data.
 - Step 2: Liquidated damages already paid the CLEC (or credited on the CLEC's bill) are totaled.
 - Step 3: If the total liquidated damages liabilities owed to the CLEC (Step 1 result) exceeds the sum of the total payments (or bill credits) already made (Step 2 result) and any credits due Ameritech for previously restated remedies (i.e., total liabilities minus already satisfied liabilities minus credits due Ameritech), then an additional payment is due.
 - The amount of the additional payment is added to any remedy payment amount (or bill credit) currently due.
 - Step 4: Where total liquidated damages liabilities owed to the CLEC are less than the sum of the total payments (or bill credits) already made and the credits due Ameritech for previously restated remedies, no additional payments (or bill credits) are made. Any remedy payment amount (or bill credit) currently due is not affected.
 - Step 5: The remedy payment amount (or bill credit) currently due, as well as all remedy payment amounts (or bill credits) restated in a prior month or months, are available to the CLEC by means of a password protected report on the SBC Ameritech CLEC Website.

For example,

- Assume that the PMMO originally sent the following hypothetical information to the PRO in February 2001, regarding the remedy amounts owed that were (a) based on SBC Ameritech's December 2000 wholesale performance (reported in January 2001 and paid in February 2001), (b) with respect to two disaggregations (tracking numbers 137 and 138) of the same performance measurement: PM 55.1-137 (Average Installation Interval – DSL – without Line Sharing and with Conditioning) and PM 55.1-138 (Average Installation Interval – DSL – without Line Sharing and without Conditioning), (c) for one CLEC (denominated as "111"), (d) within the same metro/market area.

Table 1
December 2000 Data

| Performance Month | PM # | CLEC ID | Metro | Trk # | Measure Name | Remedy |
|-------------------|------|---------|-------|-------|------------------------------------|-----------|
| Dec00 - Original | 55.1 | 111 | A | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ 150 |
| Dec00 - Original | 55.1 | 111 | A | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 200 |

- Assume that following the next performance month (January), the PMMO revises December performance data. The PMMO sends this revised information to the PRO, along with its report reflecting the appropriate remedy for January, 2001 performance. Two files will be provided for the remedies payable in March, December restated data and January original performance results.

Table 2

January 2001 Data

| Performance Month | PM # | CLEC ID | Metr o | Trk # | Measure Name | Remedy |
|-------------------|------|---------|-----------|----------|--|-----------|
| Jan01 - Original | 55.1 | 111 | A | 137 | Avg.Install.Int.-DSL- w/oLS-w/Cond | \$ - |
| Jan01 - Original | 55.1 | 111 | A | 138 | Avg.Install.Int.-DSL- w/oLS-w/oCond | \$ - |
| Dec00 - Revised | 55.1 | 111 | A | 137 | Avg.Install.Int.-DSL- w/oLS-w/Cond | \$ 150 |
| Dec00 - Revised | 55.1 | 111 | A | 138 | Avg.Install.Int.-DSL- w/oLS-w/oCond | \$ 250 |

- This data presented above is received in an Excel[®] file from the PMMO. An Access[®] query is then run to identify all of the CLECs in this Excel file that are eligible for liquidated damages based upon their remedy plan.
- This filtered information is then imported into an Access[®] database titled “X_Month Total remedy paid _with all data.mdb.”
- From this database, a macro (“AppendAllRestatedData”) is run which identifies all performance measurement-specific recalculations. This process finds any remedy data sent in the most recent Excel file from the PMMO which pertains to a month prior to the current month. For example, in Table #2, all data for December 2000 (titled “Dec00-Revised”) would be identified as a recalculation.
- A series of queries, each labeled “X_contract type X month”, is then executed to append all restated data into a file with the appropriate contract/remedy plan for each CLEC. The “Total Sum by CLEC” query is then run to summarize all CLEC data onto one table. This information is then exported into an Excel[®] spreadsheet called “Total Remedy Dollars Paid in MMMYYYY.xls.”
- The restated remedies are then compared to the original paid data. (as shown in Table #3). Where the recalculated remedy amount exceeds the remedy amount already paid, the CLEC is due additional liquidated damages. Table #3 reflects, for example, that an additional liquidated damages payment of \$50 (plus interest) is owed to CLEC #111.

Table 3
Comparison of Restated Data

| Sum of remedy | | | | Performance Month | | Difference |
|---------------|-------------|-------|------------------------------------|-------------------|--------------------------|------------|
| PM # | CLE C ID | Metro | Measure Name | 1-Dec00Original | 2-Dec00RestatedwithJan01 | |
| 55.1 | 111 | A | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ 150 | \$ 150 | \$ - |
| | 111 | A | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 200 | \$ 250 | \$ 50 |

- SBC Ameritech uses the following annual interest rates to calculate the interest paid on any additional remedy payments due to a CLEC: Illinois - 5.00%, Indiana - 8.00%, Ohio - 10.00%, Michigan - 5.14%, and, Wisconsin - 12.00%.
- Assuming this additional \$50 remedy payment to CLEC #111 was paid on March 20 (one month past February 20), one month of interest is applied, or a total of \$50.47:

$$(i.e., \$50 * (1 * (1+0.12)^{(1/12})) = \$50.47).$$

Additional interest is applied to any remedy amounts reflecting more restatements of performance data.

- On the other hand, where the recalculated remedy amount is less than the original remedy amount paid, i.e., SBC Ameritech has “overpaid” a given CLEC, SBC does not currently take a credit in its favor against future remedy amounts that may be owed to the CLEC, nor does it seek a refund on account of the overpayment.
- This process is repeated for each CLEC whose performance data have been restated.
- If additional remedy is due to a CLEC, then these funds are added to the current month’s remedy owed.

Tier 2 Assessment Processing

- The process applicable to recalculating Tier 2 assessment liabilities is essentially the same process as is detailed above regarding recalculating Tier 1 liquidated damages liabilities. The PMMO performs all calculations of Tier 2 assessments due to the state. Where a restatement of performance data for a given month or months occurs, the PMMO determines new performance measurement-specific remedy amounts by processing through its remedy payment software application all data (both that which are restated and that which are not) for the applicable month(s). The PMMO creates a file of results (known as a “Tier 2 assessment data file”) and forwards it to the PRO. The file is an Excel file containing one worksheet for the current/original reporting month and multiple worksheets for each month in which the remedy amount has been recalculated.
- For example, assume that PMMO originally sent the following hypothetical information to the PRO in February regarding the assessment amounts owed that were (a) based on SBC Ameritech’s December 2000 wholesale performance (reported in January 2001 and paid in February 2001); (b) with respect to two performance measurements: PM 55.1-137 (Average Installation Interval – DSL – without Line Sharing and with Conditioning) and PM 55.1-138 (Average Installation Interval – DSL – without Line Sharing and without Conditioning); (c) for all Wisconsin CLECs in the aggregate; and (d) within two market areas.

Table 4

December 2000 Original Data

| Performance Month | PM # | Metro | Trk # | Measure Name | Remedy |
|--|-------------|--------------|--------------|------------------------------------|---------------|
| 1-Dec00Original | 55.1 | A | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ 2,000 |
| 1-Dec00Original | 55.1 | B | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ - |
| 1-Dec00Original | 55.1 | A | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 65,600 |
| 1-Dec00Original | 55.1 | B | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 18,400 |
| Total Tier 2 Assessments for December 2000 | | | | | \$ 86,000 |

- The sum of the “Remedy” column indicates a payment due for \$86,000 for SBC Ameritech’s December 2000 relative to PM 55.1.
- The next table illustrates the recalculated assessment amount due to a restatement of the December data. This table reflects the same kind of information provided by the PMMO to the PRO in its “Tier 2 assessment data file.” This example reflects “current” remedy

calculations (i.e., based on January 2001 performance data processed in February 2001 for payment in March 2001) and recalculated remedy amounts based on the restatement of December performance data. As stated above, the recalculated remedy information is provided on a different worksheet within the same Excel workbook containing the current calculations.

Table 5
December 2000 Restated Data

| Performance Month | PM# | Metro | Trk# | Measure Name | Remedy |
|---|------|-------|------|------------------------------------|------------------|
| 2-Dec00RestatedwithJan01 | 55.1 | A | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ 2,000 |
| 2-Dec00RestatedwithJan01 | 55.1 | B | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ - |
| 2-Dec00RestatedwithJan01 | 55.1 | A | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 29,200 |
| 2-Dec00RestatedwithJan01 | 55.1 | B | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 37,600 |
| Total Tier 2 Assessments for December 2000 Restated with January 2001 | | | | | \$ 68,800 |

- The **BOLD** entries in the Remedy column reflect that the remedy amounts have changed from the original December 2000 file to the Restatement file.
- An Excel pivot table compares the original remedy amounts to the recalculated remedy amounts, as shown in Table 6, below (for purposes of the example, with respect to PM 55.1 only).

Table 6

| Sum of remedy | | | | Performance Month | | |
|---------------|-------|-------|------------------------------------|-------------------|--------------------------|------------|
| PM # | Trk # | Metro | Measure Name | 1-Dec00Original | 2-Dec00RestatedwithJan01 | Difference |
| 55.1 | 137 | B | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ - | \$ - | \$ - |
| | | A | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ 2,000 | \$ 2,000 | \$ - |
| | 138 | B | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 18,400 | \$ 37,600 | \$ 19,200 |
| | | A | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 65,600 | \$ 29,200 | \$(36,400) |
| Grand Total | | | | \$ 86,000 | \$ 68,800 | \$(17,200) |

- The **“Difference”** reflects an “overpayment” in the amount of \$17,200.
1. The assessment for PM55.1-138 in metro area (“B”) was originally \$18,400. The recalculated remedy based on restated December 2000 performance data for this measurement is \$37,600. The difference between the original sum of \$18,400 paid and

the recalculated remedy amount yields an additional \$19,200 assessment owed to the state ($\$37,600 - \$18,400 = \$19,200$). This additional assessment is added to the assessment applicable to January 2001 performance results, paid in March 2001.

2. The assessment for PM55.1-138 in metro area ("A") was originally \$65,600. The recalculated remedy based on restated December 2000 performance data for this measurement is \$29,200. The difference between the original sum of \$65,500 paid and the recalculated remedy yields a credit due of \$36,400 ($\$65,600 - \$29,200 = \$36,400$). This credit is applied against the assessment applicable to January 2001 performance results.
 3. All debits and credits are combined. In this hypothetical example, a credit of \$17,200 ($\$36,400 - \$19,200 = \$17,200$) would be applied to the next assessment paid to the state.
- The following table helps to illustrate the application of a credit taken against current remedy assessments owed the state for January performance data relative to the above measurements.

Table 7

January 2001 Remedy Amount Calculations of Original Data

| Performance Month | PM # | Metro | Trk # | Measure Name | Remedy |
|-------------------|------|-------|-------|------------------------------------|-----------|
| 1-Jan01Original | 55.1 | A | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ - |
| 1-Jan01Original | 55.1 | B | 137 | Avg.Install.Int.-DSL-w/oLS-w/Cond | \$ - |
| 1-Jan01Original | 55.1 | A | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ 32,000 |
| 1-Jan01Original | 55.1 | B | 138 | Avg.Install.Int.-DSL-w/oLS-w/oCond | \$ - |

1. As indicated in the table above, a Tier 2 assessment of \$32,000 is owed to the state. Since the recalculated remedy for restated December 2000 performance data created a credit of \$17,200 (see Table 6), the payment for January 2001 will be reduced by \$17,200, leaving an amount due of \$14,800 ($\$32,000 - \$17,200 = \$14,800$).
 2. Note: At this time, SBC Ameritech takes credits against assessments only in the states of Illinois, Ohio, and Michigan.
- The above process applies to all performance measures and submeasures in all market areas in which performance data are restated.